

| Agency Legislative Budget | | | | | | | | |
|---------------------------|-------------------------------|--------------------------------------|---------------------------------|-------------------------------------|--------------------------------------|---------------------------------|-------------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2002 | PL Base Adjustment Fiscal 2004 | New Proposals Fiscal 2004 | Total Leg. Budget Fiscal 2004 | PL Base Adjustment Fiscal 2005 | New Proposals Fiscal 2005 | Total Leg. Budget Fiscal 2005 | Total Leg. Budget Fiscal 04-05 |
| FTE | 114.00 | 1.50 | 53.40 | 168.90 | 1.50 | 53.40 | 168.90 | 168.90 |
| Personal Services | 4,529,507 | 627,264 | 1,777,150 | 6,933,921 | 627,291 | 2,024,842 | 7,181,640 | 14,115,561 |
| Operating Expenses | 4,867,500 | 808,811 | 2,266,108 | 7,942,419 | 776,150 | 2,141,937 | 7,785,587 | 15,728,006 |
| Equipment | 22,542 | 18,000 | 15,000 | 55,542 | 15,000 | 15,000 | 52,542 | 108,084 |
| Capital Outlay | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Grants | 685,992 | 0 | 2,850,330 | 3,536,322 | 0 | 2,917,159 | 3,603,151 | 7,139,473 |
| Benefits & Claims | 2,280 | 0 | 0 | 2,280 | 0 | 0 | 2,280 | 4,560 |
| Total Costs | \$10,107,821 | \$1,454,075 | \$6,908,588 | \$18,470,484 | \$1,418,441 | \$7,098,938 | \$18,625,200 | \$37,095,684 |
| General Fund | 2,974,227 | 250,798 | 1,199,433 | 4,424,458 | 227,709 | 987,997 | 4,189,933 | 8,614,391 |
| State/Other Special | 151,344 | 106,208 | 753,409 | 1,010,961 | 95,376 | 1,053,925 | 1,300,645 | 2,311,606 |
| Federal Special | 6,982,250 | 1,097,069 | 4,955,746 | 13,035,065 | 1,095,356 | 5,057,016 | 13,134,622 | 26,169,687 |
| Total Funds | \$10,107,821 | \$1,454,075 | \$6,908,588 | \$18,470,484 | \$1,418,441 | \$7,098,938 | \$18,625,200 | \$37,095,684 |

Agency Description

The Department of Military Affairs, administered by the Adjutant General, oversees activities of the Air and Army National Guard, Disaster and Emergency Services, and the National Guard (NG) Youth Challenge program. The Montana Board of Veterans' Affairs is administratively attached to the department. The department, through the Army and Air National Guard, manages a joint federal-state program to maintain trained and equipped military organizations in readiness for state and national mobilizations to active duty.

The Disaster and Emergency Services Division plans for and coordinates state responses in disaster and emergency situations. The Board of Veterans' Affairs manages and cooperates with state and federal agencies in providing statewide services for discharged veterans and their families, and is responsible for the two state veterans' cemeteries. The NG Youth Challenge program provides a military-modeled youth intervention program with a goal of improving the life coping skills and employability of high school dropouts.

Summary of Legislative Action

| Department of Military Affairs Major Budget Highlights | |
|---|--|
| <ul style="list-style-type: none"> ○ Funding for the Youth Challenge Program is continued. This program was funded as one-time-only by the 2001 legislature, and is not included in the base. State match funding is from the general fund, which is a change from the executive proposal to fund the state match portion with Employment Security Account state special revenue funding ○ Federal funding authority increased within the Disaster and Emergency Services Division to accommodate anticipated increase in federal grants ○ 2.00 FTE are eliminated in Disaster and Emergency Services Division and Veterans' Affairs Division ○ The legislature applied unspecified general fund reductions to the following programs: <ul style="list-style-type: none"> ?? Disaster and Emergency Services (\$89,637 over the biennium) ?? Veterans' Affairs Division (\$86,189 over the biennium) | |

- General fund is reduced by \$97,016 over the biennium. This reduction equals the department's share of a statewide personal services reduction
- 3.00 FTE and \$840,000 state special revenue authority is added to accommodate increased workload and revenues as a result of the passage of SB 401
- The legislature continued funding for the National Guard Scholarship Program with \$250,000 general fund, the same level as appropriated by the 2001 legislature

The legislature added 54.9 FTE and \$16.9 million over the fiscal 2002 base to the Department of Military Affairs. Of this total, 53.4 FTE and \$13.6 million are for new proposals, including:

- 47.4 FTE and \$5.6 million to reestablish the Youth Challenge Program. Youth Challenge was funded as one-time-only by the legislature and was not included in the fiscal 2002 base. Therefore, it was added as a new proposal
- \$176,000 general fund reduction for unspecified reductions within the Disaster and Emergency Services and Veterans' Affairs Divisions
- \$250,000 general fund increase to continue the National Guard Scholarship Program. This program was funded as one-time-only by the legislature and was not included in the fiscal 2002 base. Therefore, it was added as a new proposal
- \$630,000 state special revenue for implementation of the Montana National Guard Distance Learning Network
- 2.0 FTE and \$665,000 federal special revenue to accommodate increased operations within the Army National Guard Environmental Program
- 3.0 FTE and \$6.0 million to accommodate US Department of Justice terrorism preparedness and equipment grant funding
- 3.0 FTE and \$840,000 state special revenue over the biennium to accommodate increased workload and revenues as a result of the passage of SB 401
- Reduction of 2.0 FTE and \$122,000 general fund to reduce operational costs within Disaster and Emergency Services and Veterans' Affairs Divisions

The remaining increase is associated with present law adjustments, including statewide present law adjustments for funding of authorized FTE and inflationary adjustments; continued funding for a 1.0 FTE state cooperative agreements manager; increased federal funding for Army National Guard operations; and various operating cost increases.

Funding

The following table summarizes funding for the agency, by program and source.

| Total Agency Funding 2005 Biennium Budget | | | | | |
|--|---------------------|---------------------|----------------------|----------------------|---------------|
| Agency Program | General Fund | State Spec. | Fed Spec. | Grand Total | Total % |
| Centralized Services | \$ 787,001 | \$ - | \$ 197,658 | \$ 984,659 | 2.7% |
| Challenge Program | 2,274,490 | - | 3,405,617 | 5,680,107 | 15.3% |
| Scholarship Program | 250,000 | - | - | 250,000 | 0.7% |
| Army National Guard Pgm | 2,400,171 | 682,000 | 9,350,795 | 12,432,966 | 33.5% |
| Air National Guard Pgm | 619,966 | - | 4,571,427 | 5,191,393 | 14.0% |
| Disaster & Emergency Services | 924,731 | 260,889 | 8,644,190 | 9,829,810 | 26.5% |
| Veterans Affairs Program | 1,358,032 | 1,368,717 | - | 2,726,749 | 7.4% |
| Grand Total | <u>\$ 8,614,391</u> | <u>\$ 2,311,606</u> | <u>\$ 26,169,687</u> | <u>\$ 37,095,684</u> | <u>100.0%</u> |

Other Legislation

House Bill 608 - HB 608 addresses the government to government relationships between the state and the tribes of Montana and provides for training and an annual meeting between the tribes and appropriate agencies. It is assumed that any additional operating costs will be absorbed within existing agency budgets. It is estimated that the Department of Military Affairs' share of increased operating costs will be approximately \$3,014 general fund and \$1,500 federal funds each year.

House Bill 761 - HB 761 authorizes the Department to perform preapplication requirements provided in the federal Department of Veterans Affairs National Cemetery Administration's state cemetery grants program. These requirements may include, but are not limited to, an environmental assessment, environmental impact statement, design concept, and needs assessment. The legislature added \$150,000 in state special revenue authority in fiscal 2004 to fund activities as a result of the passage of HB 761 per the fiscal note, although HB 761 also contained a \$150,000 appropriation. It has been determined that only one of the \$150,000 appropriations will be used.

Senate Bill 112 - SB 112 increases fees on certain licenses and creates a state special revenue fund for the transfer of funding to entities involved in the search and rescue function. The legislature added approximately \$230,000 in state special revenue authority for pass through funding to various entities as a result of the passage of SB 112.

Senate Bill 401 - SB 401 revises the duties and membership of the Board of Veterans' Affairs, in addition to creating a state special revenue fund for the purpose of supporting Veterans' Affairs operations. The new fund would receive revenue from: 1) a \$15 surcharge on a generic license plate sponsored by the Department of Military Affairs; and 2) an additional \$0.50 added to the registration fees for most vehicle types. The legislature added 3.0 FTE and approximately \$840,000 in state special revenue authority over the biennium to accommodate the passage of SB 241.

| Agency Budget Comparison | | | | | | | | |
|--------------------------|-------------------------------|------------------------------------|--------------------------------------|--|------------------------------------|--------------------------------------|--|--|
| Budget Item | Base Budget Fiscal 2002 | Executive Budget Fiscal 2004 | Legislative Budget Fiscal 2004 | Leg – Exec. Difference Fiscal 2004 | Executive Budget Fiscal 2005 | Legislative Budget Fiscal 2005 | Leg – Exec. Difference Fiscal 2005 | Biennium Difference Fiscal 04-05 |
| FTE | 114.00 | 165.90 | 168.90 | 3.00 | 165.90 | 168.90 | 3.00 | |
| Personal Services | 4,529,507 | 6,838,802 | 6,933,921 | 95,119 | 6,835,139 | 7,181,640 | 346,501 | 441,620 |
| Operating Expenses | 4,867,500 | 7,436,768 | 7,942,419 | 505,651 | 7,497,805 | 7,785,587 | 287,782 | 793,433 |
| Equipment | 22,542 | 55,542 | 55,542 | 0 | 52,542 | 52,542 | 0 | 0 |
| Capital Outlay | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Grants | 685,992 | 3,462,992 | 3,536,322 | 73,330 | 3,462,992 | 3,603,151 | 140,159 | 213,489 |
| Benefits & Claims | 2,280 | 2,280 | 2,280 | 0 | 2,280 | 2,280 | 0 | 0 |
| Total Costs | \$10,107,821 | \$17,796,384 | \$18,470,484 | \$674,100 | \$17,850,758 | \$18,625,200 | \$774,442 | \$1,448,542 |
| General Fund | 2,974,227 | 3,163,957 | 4,424,458 | 1,260,501 | 3,140,598 | 4,189,933 | 1,049,335 | 2,309,836 |
| State/Other Special | 151,344 | 1,628,074 | 1,010,961 | (617,113) | 1,707,020 | 1,300,645 | (406,375) | (1,023,488) |
| Federal Special | 6,982,250 | 13,004,353 | 13,035,065 | 30,712 | 13,003,140 | 13,134,622 | 131,482 | 162,194 |
| Total Funds | \$10,107,821 | \$17,796,384 | \$18,470,484 | \$674,100 | \$17,850,758 | \$18,625,200 | \$774,442 | \$1,448,542 |

Executive Budget Comparison

The legislative budget is \$1.4 million total funds higher than the executive budget, with a general fund increase of \$2.3 million over the biennium. The legislature:

- Funded the Youth Challenge Program with general fund instead of Employment Security Account (ESA) state special revenue funding as proposed by the Governor
- Continued funding for the National Guard Scholarship Program with \$250,000 general fund for the biennium, the same level approved by the 2001 legislature
- Applied unspecified general fund reductions to the Disaster and Emergency Services and Veterans' Affairs Divisions
- Reduced general fund by \$97,016 over the biennium. This reduction equals the department's share of a statewide personal services reduction
- Added approximately \$230,000 state special revenue over the biennium to implement the passage of SB 112
- Added \$150,000 in fiscal 2004 to fund department activities as a result of the passage of HB 761
- Added 3.0 FTE and approximately \$840,000 over the biennium to accommodate increased workload and revenues as a result of the passage of SB 401
- Passed HB 13, the state pay plan bill, which increased the following authority over the biennium: General fund - \$81,798; state special revenue - \$5,124; and federal special revenue - \$162,194

| Program Legislative Budget | | | | | | | | |
|----------------------------|-------------------------------|--------------------------------------|---------------------------------|-------------------------------------|--------------------------------------|---------------------------------|-------------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2002 | PL Base Adjustment Fiscal 2004 | New Proposals Fiscal 2004 | Total Leg. Budget Fiscal 2004 | PL Base Adjustment Fiscal 2005 | New Proposals Fiscal 2005 | Total Leg. Budget Fiscal 2005 | Total Leg. Budget Fiscal 04-05 |
| FTE | 8.20 | 1.00 | 0.00 | 9.20 | 1.00 | 0.00 | 9.20 | 9.20 |
| Personal Services | 395,039 | 101,433 | (46,296) | 450,176 | 100,053 | (38,954) | 456,138 | 906,314 |
| Operating Expenses | 53,875 | (16,689) | 0 | 37,186 | (17,276) | 0 | 36,599 | 73,785 |
| Benefits & Claims | 2,280 | 0 | 0 | 2,280 | 0 | 0 | 2,280 | 4,560 |
| Total Costs | \$451,194 | \$84,744 | (\$46,296) | \$489,642 | \$82,777 | (\$38,954) | \$495,017 | \$984,659 |
| General Fund | 394,510 | 43,895 | (46,824) | 391,581 | 42,127 | (41,217) | 395,420 | 787,001 |
| Federal Special | 56,684 | 40,849 | 528 | 98,061 | 40,650 | 2,263 | 99,597 | 197,658 |
| Total Funds | \$451,194 | \$84,744 | (\$46,296) | \$489,642 | \$82,777 | (\$38,954) | \$495,017 | \$984,659 |

Program Description

The Centralized Services Division provides departmental administration through the Office of the Adjutant General and department-wide support for accounting, fiscal management, personnel, labor relations, purchasing, and property management oversight.

Program Narrative

| Centralized Services Division Major Budget Highlights | |
|--|--|
| o | General fund is reduced by \$40,000 over the biennium as the division share of an overall general fund reduction applied to the department. This reduction is intended to carry forward the Governor's fiscal 2003 expenditure reductions and the August 2002 Special Session reductions |

Funding

The following table shows program funding, by source, for the base year and the 2005 biennium.

| Program Funding Table Centralized Services | | | | | | |
|---|---------------------|--------------------------|-----------------------|----------------------------|-----------------------|----------------------------|
| Program Funding | Base Fiscal 2002 | % of Base Fiscal 2002 | Budget Fiscal 2004 | % of Budget Fiscal 2004 | Budget Fiscal 2005 | % of Budget Fiscal 2005 |
| 01100 General Fund | \$ 394,510 | 87.4% | \$ 391,581 | 80.0% | \$ 395,420 | 79.9% |
| 03132 National Guard | 43,321 | 9.6% | 84,070 | 17.2% | 85,364 | 17.2% |
| 03134 Disaster & Emergency Services | 13,363 | 3.0% | 13,991 | 2.9% | 14,233 | 2.9% |
| Grand Total | \$ 451,194 | 100.0% | \$ 489,642 | 100.0% | \$ 495,017 | 100.0% |

The division is primarily funded with general fund. The federal/state agreements between the Department of Military Affairs and the associated federal agencies have identified costs of positions that provide support to federally funded activities as applicable for federal funding. During the base year, federal funds accounted for approximately 13 percent of the funding for the Centralized Services Division. For the 2005 biennium, federal funds account for 20 percent of the division funding.

| Present Law Adjustments | | | | | | | | | | |
|---|-------------|-------------------|---------------|-----------------|-----------------|-----------------------|-------------------|---------------|-----------------|-----------------|
| -----Fiscal 2004----- | | | | | | -----Fiscal 2005----- | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| Personal Services | | | | | 85,591 | | | | | 84,249 |
| Vacancy Savings | | | | | (19,225) | | | | | (19,172) |
| Inflation/Deflation | | | | | 718 | | | | | 746 |
| Fixed Costs | | | | | (2,446) | | | | | (3,060) |
| Total Statewide Present Law Adjustments | | | | | \$64,638 | | | | | \$62,763 |
| DP 3 - Restore OTO - State Cooperative Agreements Manager | 1.00 | 0 | 0 | 39,639 | 39,639 | 1.00 | 0 | 0 | 39,548 | 39,548 |
| DP 7003 - Reduce current level in Centralized Services | 0.00 | (19,533) | 0 | 0 | (19,533) | 0.00 | (19,534) | 0 | 0 | (19,534) |
| Total Other Present Law Adjustments | 1.00 | (\$19,533) | \$0 | \$39,639 | \$20,106 | 1.00 | (\$19,534) | \$0 | \$39,548 | \$20,014 |
| Grand Total All Present Law Adjustments | | | | | \$84,744 | | | | | \$82,777 |

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 3 - Restore OTO - State Cooperative Agreements Manager - The legislature added approximately \$40,000 annually in federal authority to continue funding for a 1.0 FTE Compliance Specialist position on a permanent basis. This position was approved by the 2001 legislature as one-time-only. This position would be responsible for the various department cooperative agreements with the Federal National Guard Bureau, currently at 12 cooperative agreements totaling over \$126 million, with duties including:

- Reviewing and tracking all expenditures made
- Ensuring that all appropriate reimbursements for state expenditures are requested from the federal government

DP 7003 - Reduce current level in Centralized Services - The legislature reduced general fund within the Centralized Services Division by approximately \$20,000 each year, based on a continuation of the Governor's fiscal 2003 expenditure reductions and reductions made during the August 2002 Special Session.

| New Proposals | | | | | | | | | | |
|--------------------------------------|-------------|-------------------|---------------|-----------------|-------------------|-----------------------|-------------------|---------------|-----------------|-------------------|
| -----Fiscal 2004----- | | | | | | -----Fiscal 2005----- | | | | |
| Program | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 655 - Personal Services Reduction | | | | | | | | | | |
| 01 | 0.00 | (48,508) | 0 | 0 | (48,508) | 0.00 | (48,508) | 0 | 0 | (48,508) |
| DP 6800 - HB 13 - Pay Plan | | | | | | | | | | |
| 01 | 0.00 | 1,684 | 0 | 528 | 2,212 | 0.00 | 7,291 | 0 | 2,263 | 9,554 |
| Total | 0.00 | (\$46,824) | \$0 | \$528 | (\$46,296) | 0.00 | (\$41,217) | \$0 | \$2,263 | (\$38,954) |

New Proposals

DP 655 - Personal Services Reduction - The legislature applied a further vacancy savings on general fund positions. This reduction equals 1.1 percent of general fund and 0.3 percent of total funds for this agency. This reduction was applied to one program, and language was added allowing the department to reallocate among programs as necessary.

DP 6800 - HB 13 - Pay Plan - The legislature passed a pay plan in HB 13 that provides an additional \$44 per month in insurance contributions in calendar 2004 and an additional \$50 per month in calendar 2005, as well as a \$0.25 per hour salary increase in the final six months of fiscal 2005. These amounts represent this program's allocation of costs to fund

this pay plan. An additional \$44 per month in insurance contribution for the first six months of fiscal 2004 was not funded.

Language

"Item [Centralized Services Division] includes a reduction in general fund money of \$48,508 in fiscal year 2004 and \$48,508 in fiscal year 2005 for the statewide FTE reduction. The agency may allocate this reduction in funding among programs when developing 2005 biennium operating plans."

| Program Legislative Budget | | | | | | | | |
|----------------------------|-------------------------------|--------------------------------------|---------------------------------|-------------------------------------|--------------------------------------|---------------------------------|-------------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2002 | PL Base Adjustment Fiscal 2004 | New Proposals Fiscal 2004 | Total Leg. Budget Fiscal 2004 | PL Base Adjustment Fiscal 2005 | New Proposals Fiscal 2005 | Total Leg. Budget Fiscal 2005 | Total Leg. Budget Fiscal 04-05 |
| FTE | 0.00 | 0.00 | 47.40 | 47.40 | 0.00 | 47.40 | 47.40 | 47.40 |
| Personal Services | 0 | 0 | 1,553,658 | 1,553,658 | 0 | 1,592,706 | 1,592,706 | 3,146,364 |
| Operating Expenses | 0 | 59,557 | 1,210,837 | 1,270,394 | 48,827 | 1,214,522 | 1,263,349 | 2,533,743 |
| Total Costs | \$0 | \$59,557 | \$2,764,495 | \$2,824,052 | \$48,827 | \$2,807,228 | \$2,856,055 | \$5,680,107 |
| General Fund | 0 | 0 | 1,135,498 | 1,135,498 | 0 | 1,138,992 | 1,138,992 | 2,274,490 |
| State/Other Special | 0 | 30,527 | (30,527) | 0 | 19,531 | (19,531) | 0 | 0 |
| Federal Special | 0 | 29,030 | 1,659,524 | 1,688,554 | 29,296 | 1,687,767 | 1,717,063 | 3,405,617 |
| Total Funds | \$0 | \$59,557 | \$2,764,495 | \$2,824,052 | \$48,827 | \$2,807,228 | \$2,856,055 | \$5,680,107 |

Program Description

The Montana National Guard Youth Challenge Program is a volunteer program for youth ages 16 to 18 who have stopped attending secondary school before graduating. Challenge is a 17-month, voluntary, two-phased military modeled training program targeting unemployed drug-free and non-offender high school dropouts. The program provides an opportunity for 'at-risk' youth to enhance their life skills, and increase their educational levels and employment potential. Core components of the program are citizenship, academic excellence (GED/high school diploma attainment), life-coping skills, community service, health and hygiene, skills training, leadership, cooperative group skills, and physical training. Phase I of the program is a 22-week residential stay on the campus of Western Montana College of the University of Montana, in Dillon, focusing on physical training, classroom instruction, personal development, and life skills. Phase II is a year-long mentoring relationship with a specially-trained member of the community, where the youth resides, to provide a positive role model and to assist the student in gaining employment or enrolling in post-secondary schooling.

Program Narrative

| Youth Challenge Program Major Budget Highlights | |
|---|--|
| <ul style="list-style-type: none"> Funding for the Youth Challenge Program is continued. This program was funded as one-time-only by the 2001 legislature, and is not included in the base. State match funding is from the general fund, which is a change from the executive proposal to fund the state match portion with Employment Security Account state special revenue funding | |

Funding

The following table shows program funding, by source, for the base year and the 2005 biennim.

| Program Funding Table Challenge Program | | | | | |
|--|---------------------|-----------------------|----------------------------|-----------------------|----------------------------|
| Program Funding | Base Fiscal 2002 | Budget Fiscal 2004 | % of Budget Fiscal 2004 | Budget Fiscal 2005 | % of Budget Fiscal 2005 |
| 01100 General Fund | \$ - | \$ 1,135,498 | 40.2% | \$ 1,138,992 | 39.9% |
| 03132 National Guard | - | 1,688,554 | 59.8% | 1,717,063 | 60.1% |
| Grand Total | - | 2,824,052 | 100.0% | 2,856,055 | 100.0% |

The Youth Challenge Program has been funded since fiscal 2000 with a combination of federal funds and a general fund state match. Initially funded at a 70/30 federal to state match, state funding was to increase by 5 percent each year until fiscal 2002, at which time the funding split was to permanently remain 60/40 federal to state. During the August 2002 Special Session, all general fund within the program for fiscal 2003 was replaced with Employment Security Account (ESA) funding administered by the Department of Labor and Industry. The legislative budget funds the Youth Challenge Program state match with general fund for the 2005 biennium.

| Present Law Adjustments | | | | | | | | | | |
|---|--------------|---------------|-----------------|-------------|-----|-----------------------|---------------|-----------------|-------------|--|
| -----Fiscal 2004----- | | | | | | -----Fiscal 2005----- | | | | |
| FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds | |
| Fixed Costs | | | | 59,557 | | | | | 48,827 | |
| Total Statewide Present Law Adjustments | | | | \$59,557 | | | | | \$48,827 | |
| Grand Total All Present Law Adjustments | | | | \$59,557 | | | | | \$48,827 | |

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

| New Proposals | | | | | | | | | | |
|---|--------------|--------------------|-------------------|--------------------|--------------------|-----------------------|--------------------|-------------------|--------------------|--------------------|
| -----Fiscal 2004----- | | | | | | -----Fiscal 2005----- | | | | |
| Program | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 1 - Restore OTO - Montana NG Youth Challenge Program | | | | | | | | | | |
| 02 | 47.40 | 1,131,049 | (30,527) | 1,650,784 | 2,751,306 | 47.40 | 1,119,831 | (19,531) | 1,650,451 | 2,750,751 |
| DP 6800 - HB 13 - Pay Plan | | | | | | | | | | |
| 02 | 0.00 | 4,449 | 0 | 8,740 | 13,189 | 0.00 | 19,161 | 0 | 37,316 | 56,477 |
| Total | 47.40 | \$1,135,498 | (\$30,527) | \$1,659,524 | \$2,764,495 | 47.40 | \$1,138,992 | (\$19,531) | \$1,687,767 | \$2,807,228 |

New Proposals

DP 1 - Restore OTO - Montana NG Youth Challenge Program - The legislature approved continuation of the Youth Challenge program at the currently established level of two classes per year, with a target participation/completion rate of 100 youth in each class. The legislature funded the state match portion of the funding (40 percent of total funding) entirely with general fund, which was a switch from the executive proposal to fund the state match with ESA funds.

DP 6800 - HB 13 - Pay Plan - The legislature passed a pay plan in HB 13 that provides an additional \$44 per month in insurance contributions in calendar 2004 and an additional \$50 per month in calendar 2005, as well as a \$0.25 per hour salary increase in the final six months of fiscal 2005. These amounts represent this program's allocation of costs to fund this pay plan. An additional \$44 per month in insurance contribution for the first six months of fiscal 2004 was not funded.

| Program Legislative Budget | | | | | | | | |
|----------------------------|-------------------------------|--------------------------------------|---------------------------------|-------------------------------------|--------------------------------------|---------------------------------|-------------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2002 | PL Base Adjustment Fiscal 2004 | New Proposals Fiscal 2004 | Total Leg. Budget Fiscal 2004 | PL Base Adjustment Fiscal 2005 | New Proposals Fiscal 2005 | Total Leg. Budget Fiscal 2005 | Total Leg. Budget Fiscal 04-05 |
| FTE | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Operating Expenses | 0 | 0 | 250,000 | 250,000 | 0 | 0 | 0 | 250,000 |
| Total Costs | \$0 | \$0 | \$250,000 | \$250,000 | \$0 | \$0 | \$0 | \$250,000 |
| General Fund | 0 | 0 | 250,000 | 250,000 | 0 | 0 | 0 | 250,000 |
| Total Funds | \$0 | \$0 | \$250,000 | \$250,000 | \$0 | \$0 | \$0 | \$250,000 |

Program Description

The Montana National Guard Scholarship Program was established by the Fifty-sixth Legislature to assist in recruiting and retention efforts for the Montana Air and Army National Guard. The program provides scholarships of up to \$500 per semester to eligible Montana National Guard personnel enrolled as undergraduate students in colleges, universities, or training programs. Program goals include:

- Assist Montana in increasing its assigned personnel strength in both the Army and Air National Guard
- Enhance Army and Air National Guard operational readiness to assume both state and federal active duty missions

Program Narrative

| National Guard Scholarship Program Major Budget Highlights | |
|--|--|
| <ul style="list-style-type: none"> ○ The legislature continues funding for the National Guard Scholarship Program with \$250,000 general fund, the same level as appropriated by the 2001 legislature | |

Funding

The National Guard Scholarship Program is funded entirely with general fund.

| New Proposals | | | | | | | | | | |
|--|-------------|------------------|------------------|--------------------|------------------|-------------|-----------------|------------------|--------------------|----------------|
| Fiscal 2004 | | | | | | Fiscal 2005 | | | | |
| Program | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 2 - Continue National Guard Scholarship Prog. 03 | 0.00 | 250,000 | 0 | 0 | 250,000 | 0.00 | 0 | 0 | 0 | 0 |
| Total | 0.00 | \$250,000 | \$0 | \$0 | \$250,000 | 0.00 | \$0 | \$0 | \$0 | \$0 |

New Proposals

DP 2 - Continue National Guard Scholarship Program - The legislature added funding to continue the National Guard Scholarship Program. The 2001 legislature funded the program as a biennial, one-time-only general fund appropriation of \$250,000. The 2003 legislature funded the program at the same level, and designated the appropriation as restricted, biennial, and one-time-only.

| Program Legislative Budget | | | | | | | | |
|----------------------------|-------------------------------|--------------------------------------|---------------------------------|-------------------------------------|--------------------------------------|---------------------------------|-------------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2002 | PL Base Adjustment Fiscal 2004 | New Proposals Fiscal 2004 | Total Leg. Budget Fiscal 2004 | PL Base Adjustment Fiscal 2005 | New Proposals Fiscal 2005 | Total Leg. Budget Fiscal 2005 | Total Leg. Budget Fiscal 04-05 |
| FTE | 32.30 | 0.00 | 2.00 | 34.30 | 0.00 | 2.00 | 34.30 | 34.30 |
| Personal Services | 1,161,198 | 356,263 | 92,400 | 1,609,861 | 354,077 | 125,780 | 1,641,055 | 3,250,916 |
| Operating Expenses | 3,559,723 | 439,676 | 505,000 | 4,504,399 | 419,778 | 595,000 | 4,574,501 | 9,078,900 |
| Equipment | 20,075 | 18,000 | 15,000 | 53,075 | 15,000 | 15,000 | 50,075 | 103,150 |
| Capital Outlay | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Costs | \$4,740,996 | \$813,939 | \$612,400 | \$6,167,335 | \$788,855 | \$735,780 | \$6,265,631 | \$12,432,966 |
| General Fund | 1,163,402 | 44,043 | 1,403 | 1,208,848 | 21,870 | 6,051 | 1,191,323 | 2,400,171 |
| State/Other Special | 17,561 | 8,439 | 270,000 | 296,000 | 8,439 | 360,000 | 386,000 | 682,000 |
| Federal Special | 3,560,033 | 761,457 | 340,997 | 4,662,487 | 758,546 | 369,729 | 4,688,308 | 9,350,795 |
| Total Funds | \$4,740,996 | \$813,939 | \$612,400 | \$6,167,335 | \$788,855 | \$735,780 | \$6,265,631 | \$12,432,966 |

Program Description

The Army National Guard provides trained and equipped military units for use in the event of a state or federal mobilization to active duty. Specifically, the Army National Guard program supports this end by: 1) providing professional and skilled personnel for the administration, planning, and execution of statewide repair and maintenance functions on facilities and training areas; 2) planning, programming, and contracting for construction; 3) ensuring all activities and facilities comply with environmental regulations; and 4) providing state-wide communication services, security contracts, and leases for buildings and land used by the Army National Guard.

Program Narrative

| Army National Guard Program | |
|--|--|
| Major Budget Highlights | |
| <ul style="list-style-type: none"> ○ The legislature continues funding authority to allow the department to implement shared usage of the Montana National Guard Distance Learning Network ○ Primary increase due to anticipated increase in federal funding to support Army National Guard communications and environmental operations ○ Remaining increase due to statewide present law adjustments and funding of the statewide pay plan | |

Funding

The following table shows program funding, by source, for the base year and the 2005 biennium.

| Program Funding Table | | | | | | |
|---------------------------|---------------------|--------------------------|-----------------------|----------------------------|-----------------------|----------------------------|
| Army National Guard Pgm | | | | | | |
| Program Funding | Base Fiscal 2002 | % of Base Fiscal 2002 | Budget Fiscal 2004 | % of Budget Fiscal 2004 | Budget Fiscal 2005 | % of Budget Fiscal 2005 |
| 01100 General Fund | \$ 1,163,402 | 24.5% | \$ 1,208,848 | 19.6% | \$ 1,191,323 | 19.0% |
| 02101 Distance Learning | - | - | 270,000 | 4.4% | 360,000 | 5.7% |
| 02343 Armory Rental Funds | 17,561 | 0.4% | 26,000 | 0.4% | 26,000 | 0.4% |
| 03132 National Guard | 3,560,033 | 75.1% | 4,662,487 | 75.6% | 4,688,308 | 74.8% |
| Grand Total | <u>\$ 4,740,996</u> | <u>100.0%</u> | <u>\$ 6,167,335</u> | <u>100.0%</u> | <u>\$ 6,265,631</u> | <u>100.0%</u> |

The Army National Guard program is primarily funded with a combination of general fund and federal funds. Depending on how a facility is used, the costs to operate and maintain a facility can be funded:

- Entirely with state funds
- Entirely with federal funds
- As a shared responsibility, with federal funds at 75 percent and general fund at 25 percent (service contract buildings)

When a facility is owned by the state and located on state land, the funding is 100 percent general fund. When a facility is state owned but located on federal land, the maintenance costs are funded 75 percent federal and 25 percent general fund, but utility costs are funded 100 percent general fund. When a facility is classified as a logistics facility, the funding is 75 percent federal and 25 percent general fund for the entire facility. Federally owned facilities located on federal land and those that serve a training mission are predominantly funded 100 percent with federal funds, except when the building is used as an armory. Armories constructed with federal funds and located on federal land are funded 100 percent general fund for utilities and 75 percent federal and 25 percent general fund for maintenance costs. When armories are rented to groups, the state special revenue funds generated from rental fees are used to augment general fund support of the facilities.

During the base year, general fund accounted for 25 percent of overall expenditures within the Army National Guard program.

| Present Law Adjustments | | | | | | | | | |
|--|--------------|---------------|-----------------|------------------|-----------------------|--------------|---------------|-----------------|------------------|
| -----Fiscal 2004----- | | | | | -----Fiscal 2005----- | | | | |
| FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| Personal Services | | | | 433,776 | | | | | 431,551 |
| Vacancy Savings | | | | (63,749) | | | | | (63,710) |
| Inflation/Deflation | | | | 47,849 | | | | | 56,242 |
| Fixed Costs | | | | 37,426 | | | | | 12,917 |
| Total Statewide Present Law Adjustments | | | | \$455,302 | | | | | \$437,000 |
| DP 5 - Army Facilities Operations | | | | | | | | | |
| 0.00 | (58,517) | 0 | 144,154 | 85,637 | 0.00 | (58,117) | 0 | 143,972 | 85,855 |
| DP 9 - MTNG Distance Learning Network - Comm. Adjust | | | | | | | | | |
| 0.00 | 0 | 0 | 266,000 | 266,000 | 0.00 | 0 | 0 | 266,000 | 266,000 |
| DP 13 - Construction Replacement Computers | | | | | | | | | |
| 0.00 | 0 | 0 | 7,000 | 7,000 | 0.00 | 0 | 0 | 0 | 0 |
| Total Other Present Law Adjustments | | | | | | | | | |
| 0.00 | (\$58,517) | \$0 | \$417,154 | \$358,637 | 0.00 | (\$58,117) | \$0 | \$409,972 | \$351,855 |
| Grand Total All Present Law Adjustments | | | | \$813,939 | | | | | \$788,855 |

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 5 - Army Facilities Operations - The legislature approved additional federal authority to fund increased operating and maintenance costs which are 100 percent federally-supported:

- Janitorial services for newly constructed facilities
- Utility costs for new facilities
- Additional contract maintenance projects

The legislature also included an adjustment to reduce general fund within the division by approximately \$58,000 each year of the biennium, based on a continuation of the Governor's fiscal 2003 expenditure reductions and reductions made

during the August 2002 Special Session. This reduction represents the division's share based on department reallocation of the overall reduction and includes the reduction of federal funds as a result of loss of state match funding.

DP 9 - MTNG Distance Learning Network - Comm. Adjust - The legislature added \$266,000 of federal authority in each year of the biennium to accommodate increased funding and expenditures to maintain voice and data communications at a level necessary to support existing military communications operational needs.

DP 13 - Construction Replacement Computers - The legislature approved additional federal authority to replace four computer systems and upgrade one laptop computer in fiscal 2004.

| New Proposals | | | | | | | | | | |
|---|-------------|----------------|------------------|------------------|------------------|-------------|----------------|------------------|------------------|------------------|
| Program | FTE | Fiscal 2004 | | | | Fiscal 2005 | | | | |
| | | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 8 - Environmental Program Operations | | | | | | | | | | |
| 12 | 2.00 | 0 | 0 | 332,520 | 332,520 | 2.00 | 0 | 0 | 333,353 | 333,353 |
| DP 14 - MTNG Distance Learning | | | | | | | | | | |
| 12 | 0.00 | 0 | 270,000 | 0 | 270,000 | 0.00 | 0 | 360,000 | 0 | 360,000 |
| DP 6800 - HB 13 - Pay Plan | | | | | | | | | | |
| 12 | 0.00 | 1,403 | 0 | 8,477 | 9,880 | 0.00 | 6,051 | 0 | 36,376 | 42,427 |
| Total | 2.00 | \$1,403 | \$270,000 | \$340,997 | \$612,400 | 2.00 | \$6,051 | \$360,000 | \$369,729 | \$735,780 |

New Proposals

DP 8 - Environmental Program Operations - The legislature added federal special revenue authority (\$333,000 each year) for the following:

- Move 2.0 FTE from modified to permanent (\$83,000 each year). These FTE are currently established in the Environmental Program as the Environmental Technical Support Specialist and the Environmental Compliance Assessment Specialist.
- Accommodate increased federal funding for Environmental Program Operations (\$250,000 each year). The increased federal funding will be used to support the ongoing environmental compliance program (hazardous waste disposal, spill response supplies, environmental documentation of new activities, facility management plans, and natural resource studies).

DP 14 - MTNG Distance Learning - The legislature added state special revenue authority (\$270,000 in fiscal 2004 and \$360,000 in fiscal 2005) to accommodate implementation of shared usage of the Montana National Guard Distance Learning Network. This authority will be used to reimburse federal funds for use of the network by local, state, and federal governments; or private individuals, and will also be used to accumulate funding for replacement equipment based on a life-cycle cost model.

DP 6800 - HB 13 - Pay Plan - The legislature passed a pay plan in HB 13 that provides an additional \$44 per month in insurance contributions in calendar 2004 and an additional \$50 per month in calendar 2005, as well as a \$0.25 per hour salary increase in the final six months of fiscal 2005. These amounts represent this program's allocation of costs to fund this pay plan. An additional \$44 per month in insurance contribution for the first six months of fiscal 2004 was not funded.

| Program Legislative Budget | | | | | | | | |
|----------------------------|-------------------------------|--------------------------------------|---------------------------------|-------------------------------------|--------------------------------------|---------------------------------|-------------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2002 | PL Base Adjustment Fiscal 2004 | New Proposals Fiscal 2004 | Total Leg. Budget Fiscal 2004 | PL Base Adjustment Fiscal 2005 | New Proposals Fiscal 2005 | Total Leg. Budget Fiscal 2005 | Total Leg. Budget Fiscal 04-05 |
| FTE | 33.00 | 0.00 | 0.00 | 33.00 | 0.00 | 0.00 | 33.00 | 33.00 |
| Personal Services | 1,303,255 | 83,352 | 9,849 | 1,396,456 | 85,825 | 42,196 | 1,431,276 | 2,827,732 |
| Operating Expenses | 876,269 | 306,160 | 0 | 1,182,429 | 304,963 | 0 | 1,181,232 | 2,363,661 |
| Total Costs | \$2,179,524 | \$389,512 | \$9,849 | \$2,578,885 | \$390,788 | \$42,196 | \$2,612,508 | \$5,191,393 |
| General Fund | 188,423 | 120,359 | 522 | 309,304 | 119,985 | 2,254 | 310,662 | 619,966 |
| Federal Special | 1,991,101 | 269,153 | 9,327 | 2,269,581 | 270,803 | 39,942 | 2,301,846 | 4,571,427 |
| Total Funds | \$2,179,524 | \$389,512 | \$9,849 | \$2,578,885 | \$390,788 | \$42,196 | \$2,612,508 | \$5,191,393 |

Program Description

The Air National Guard program provides trained and equipped military units for use in the event of a state or federal mobilization to active duty. The federal/state cooperative agreement provides for administrative, facilities maintenance, and fire protection support to the Air National Guard base at Gore Hill near Great Falls. The Air National Guard Program operates under both federal and state mandates in accordance with its dual missions.

Program Narrative

| Air National Guard Program Major Budget Highlights | |
|--|--|
| <ul style="list-style-type: none"> ○ No major changes to historical or current operations ○ General fund and federal funds increases due to increased operating and supply costs, statewide present law adjustments, and funding of the statewide pay plan | |

Funding

The following table shows program funding, by source, for the base year and the 2005 biennium.

| Program Funding Table Air National Guard Pgm | | | | | | |
|---|---------------------|--------------------------|-----------------------|----------------------------|-----------------------|----------------------------|
| Program Funding | Base Fiscal 2002 | % of Base Fiscal 2002 | Budget Fiscal 2004 | % of Budget Fiscal 2004 | Budget Fiscal 2005 | % of Budget Fiscal 2005 |
| 01100 General Fund | \$ 188,423 | 8.6% | \$ 309,304 | 12.0% | \$ 310,662 | 11.9% |
| 03132 National Guard | 1,991,101 | 91.4% | 2,269,581 | 88.0% | 2,301,846 | 88.1% |
| Grand Total | <u>\$ 2,179,524</u> | <u>100.0%</u> | <u>\$ 2,578,885</u> | <u>100.0%</u> | <u>\$ 2,612,508</u> | <u>100.0%</u> |

The Air Guard program is primarily funded with 75 percent federal funds and 25 percent general fund state match. Personal services costs for firefighters and security services are 100 percent federally funded.

| Present Law Adjustments | | | | | | | | | | |
|--|-------------|-----------------|---------------|------------------|------------------|-----------------------|-----------------|---------------|------------------|------------------|
| -----Fiscal 2004----- | | | | | | -----Fiscal 2005----- | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| Personal Services | | | | | 142,408 | | | | | 144,989 |
| Vacancy Savings | | | | | (57,826) | | | | | (57,934) |
| Inflation/Deflation | | | | | 13,991 | | | | | 18,311 |
| Fixed Costs | | | | | 18,590 | | | | | 13,074 |
| Total Statewide Present Law Adjustments | | | | | \$117,163 | | | | | \$118,440 |
| DP 4 - Air Guard Operations | 0.00 | 75,588 | 0 | 196,761 | 272,349 | 0.00 | 75,587 | 0 | 196,761 | 272,348 |
| Total Other Present Law Adjustments | 0.00 | \$75,588 | \$0 | \$196,761 | \$272,349 | 0.00 | \$75,587 | \$0 | \$196,761 | \$272,348 |
| Grand Total All Present Law Adjustments | | | | | \$389,512 | | | | | \$390,788 |

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 4 - Air Guard Operations - The legislature added general fund and federal authority to fund increased utilities, contract services, and supply costs.

| New Proposals | | | | | | | | | | |
|----------------------------|-------------|--------------|---------------|-----------------|----------------|-----------------------|----------------|---------------|-----------------|-----------------|
| -----Fiscal 2004----- | | | | | | -----Fiscal 2005----- | | | | |
| Program | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 6800 - HB 13 - Pay Plan | | | | | | | | | | |
| 13 | 0.00 | 522 | 0 | 9,327 | 9,849 | 0.00 | 2,254 | 0 | 39,942 | 42,196 |
| Total | 0.00 | \$522 | \$0 | \$9,327 | \$9,849 | 0.00 | \$2,254 | \$0 | \$39,942 | \$42,196 |

New Proposals

DP 6800 - HB 13 - Pay Plan - The legislature passed a pay plan in HB 13 that provides an additional \$44 per month in insurance contributions in calendar 2004 and an additional \$50 per month in calendar 2005, as well as a \$0.25 per hour salary increase in the final six months of fiscal 2005. These amounts represent this program's allocation of costs to fund this pay plan. An additional \$44 per month in insurance contribution for the first six months of fiscal 2004 was not funded.

| Program Legislative Budget | | | | | | | | |
|----------------------------|-------------------------------|--------------------------------------|---------------------------------|-------------------------------------|--------------------------------------|---------------------------------|-------------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2002 | PL Base Adjustment Fiscal 2004 | New Proposals Fiscal 2004 | Total Leg. Budget Fiscal 2004 | PL Base Adjustment Fiscal 2005 | New Proposals Fiscal 2005 | Total Leg. Budget Fiscal 2005 | Total Leg. Budget Fiscal 04-05 |
| FTE | 21.00 | 0.00 | 2.00 | 23.00 | 0.00 | 2.00 | 23.00 | 23.00 |
| Personal Services | 979,771 | 27,218 | 101,533 | 1,108,522 | 28,048 | 122,416 | 1,130,235 | 2,238,757 |
| Operating Expenses | 225,773 | (11,640) | 9,723 | 223,856 | (12,876) | 9,893 | 222,790 | 446,646 |
| Equipment | 2,467 | 0 | 0 | 2,467 | 0 | 0 | 2,467 | 4,934 |
| Grants | 685,992 | 0 | 2,850,330 | 3,536,322 | 0 | 2,917,159 | 3,603,151 | 7,139,473 |
| Benefits & Claims | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Costs | \$1,894,003 | \$15,578 | \$2,961,586 | \$4,871,167 | \$15,172 | \$3,049,468 | \$4,958,643 | \$9,829,810 |
| General Fund | 505,871 | 18,998 | (67,114) | 457,755 | 19,111 | (58,006) | 466,976 | 924,731 |
| State/Other Special | 13,700 | 0 | 83,330 | 97,030 | 0 | 150,159 | 163,859 | 260,889 |
| Federal Special | 1,374,432 | (3,420) | 2,945,370 | 4,316,382 | (3,939) | 2,957,315 | 4,327,808 | 8,644,190 |
| Total Funds | \$1,894,003 | \$15,578 | \$2,961,586 | \$4,871,167 | \$15,172 | \$3,049,468 | \$4,958,643 | \$9,829,810 |

Program Description

The Disaster and Emergency Services Division:

- Works with local, state, and federal officials to prepare, update, and coordinate emergency preparedness, mitigation, response, and recovery plans
- Provides technical assistance and coordination of the state response to assist political subdivisions in time of emergencies
- Receives, records, and disburses federal funds to eligible political subdivisions. Political subdivisions must provide matching funds for all federal reimbursement programs except disaster recovery and the Federal Emergency Management Agency Terrorism program.

The division is responsible for disaster planning activities, responding quickly and effectively to disasters and emergencies, being a source of information and a 24-hour contact point, and coordinating state assistance to local governments.

Program Narrative

| Disaster and Emergency Services Division Major Budget Highlights | |
|--|--|
| <ul style="list-style-type: none"> ○ Federal funding authority is increased within the division to accommodate anticipated increase in federal grants ○ 1.00 FTE and \$50,000 general fund over the biennium is eliminated as the division share of an overall general fund reduction applied to the department. This reduction is intended to carry forward the Governor's fiscal 2003 expenditure reductions and the August 2002 Special Session reductions ○ The legislature applied an unspecified general fund reduction of \$89,637 over the biennium to the division | |

Funding

The following table shows program funding, by source, for the base year and the 2005 biennium.

| Program Funding Table | | | | | | |
|-------------------------------------|----------------------------|---------------------------------|------------------------------|-----------------------------------|------------------------------|-----------------------------------|
| Disaster & Emergency Services | | | | | | |
| <u>Program Funding</u> | Base <u>Fiscal 2002</u> | % of Base <u>Fiscal 2002</u> | Budget <u>Fiscal 2004</u> | % of Budget <u>Fiscal 2004</u> | Budget <u>Fiscal 2005</u> | % of Budget <u>Fiscal 2005</u> |
| 01100 General Fund | \$ 505,871 | 26.7% | \$ 457,755 | 9.4% | \$ 466,976 | 9.4% |
| 02335 Des Training Conference | 13,700 | 0.7% | 97,030 | 2.0% | 163,859 | 3.3% |
| 03134 Disaster & Emergency Services | 1,374,432 | 72.6% | 4,316,382 | 88.6% | 4,327,808 | 87.3% |
| Grand Total | <u>\$ 1,894,003</u> | <u>100.0%</u> | <u>\$ 4,871,167</u> | <u>100.0%</u> | <u>\$ 4,958,643</u> | <u>100.0%</u> |

The Disaster and Emergency Services Division is supported primarily with federal funds and general fund used as state match. The disaster coordination functions that provide support to communities and contribute to the overall mission of the division are usually funded on a 50/50 federal fund to general fund ratio. Disaster coordination functions focusing on specifically identified hazards or functions are usually funded (100 percent) with federal funds. State special revenue within the division comes from fees paid by individuals who attend division-sponsored workshops and conferences and is used to support these functions.

| Present Law Adjustments | | | | | | | | | | |
|--|-----|--------------|---------------|-----------------|-----------------|-----------------------|--------------|---------------|-----------------|-----------------|
| -----Fiscal 2004----- | | | | | | -----Fiscal 2005----- | | | | |
| | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| Personal Services | | | | | 69,176 | | | | | 70,042 |
| Vacancy Savings | | | | | (41,958) | | | | | (41,994) |
| Inflation/Deflation | | | | | 1,463 | | | | | 1,484 |
| Fixed Costs | | | | | (13,103) | | | | | (14,360) |
| Total Statewide Present Law Adjustments | | | | | \$15,578 | | | | | \$15,172 |
| Grand Total All Present Law Adjustments | | | | | \$15,578 | | | | | \$15,172 |

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies.

| New Proposals | | | | | | | | | | |
|---|-------------|-------------------|-----------------|--------------------|--------------------|-----------------------|-------------------|------------------|--------------------|--------------------|
| -----Fiscal 2004----- | | | | | | -----Fiscal 2005----- | | | | |
| Program | FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 210 - Terrorism Preparedness and Equipment | | | | | | | | | | |
| 21 | 3.00 | 0 | 0 | 2,967,000 | 2,967,000 | 3.00 | 0 | 0 | 2,967,000 | 2,967,000 |
| DP 6800 - HB 13 - Pay Plan | | | | | | | | | | |
| 21 | 0.00 | 2,783 | 0 | 3,640 | 6,423 | 0.00 | 12,004 | 0 | 15,585 | 27,589 |
| DP 7002 - Reduce Current Level FTE | | | | | | | | | | |
| 21 | (1.00) | (25,000) | 0 | (25,270) | (50,270) | (1.00) | (25,270) | 0 | (25,270) | (50,540) |
| DP 9000 - Legislative Reduction | | | | | | | | | | |
| 21 | 0.00 | (44,897) | 0 | 0 | (44,897) | 0.00 | (44,740) | 0 | 0 | (44,740) |
| DP 9052 - SB 112 - Fund Search and Rescue | | | | | | | | | | |
| 21 | 0.00 | 0 | 83,330 | 0 | 83,330 | 0.00 | 0 | 150,159 | 0 | 150,159 |
| Total | 2.00 | (\$67,114) | \$83,330 | \$2,945,370 | \$2,961,586 | 2.00 | (\$58,006) | \$150,159 | \$2,957,315 | \$3,049,468 |

New Proposals

DP 210 - Terrorism Preparedness and Equipment - The legislature added federal special revenue authority and 3.0 FTE to accommodate United States Department of Justice funding to provide equipment, exercise and training support for first

responders at the state and local level, based on the Statewide Domestic Preparedness Strategy which was a requirement for receiving this funding. The objective of this funding is to enhance the capability of state and local first responders to respond to a Weapons of Mass Destruction incident involving chemical, biological, nuclear, radiological, incendiary, and explosive devices.

DP 6800 - HB 13 - Pay Plan - The legislature passed a pay plan in HB 13 that provides an additional \$44 per month in insurance contributions in calendar 2004 and an additional \$50 per month in calendar 2005, as well as a \$0.25 per hour salary increase in the final six months of fiscal 2005. These amounts represent this program's allocation of costs to fund this pay plan. An additional \$44 per month in insurance contribution for the first six months of fiscal 2004 was not funded.

DP 7002 - Reduce Current Level FTE - The legislature reduced FTE in Disaster and Emergency Services by 1.0 FTE, an Emergency Management Specialist. Duties currently performed by this position include working with assigned counties (currently 8-10 per individual) in preparation, exercises, training, response, and recovery from emergencies.

DP 9000 - Legislative Reduction - The legislature approved reducing the base to the lower of the 2000 base budget or the fiscal 2003 appropriated level as adjusted for August 2002 Special Session action. This reduction represents the division's share of the unspecified reduction.

DP 9052 - SB 112 - Fund Search and Rescue - The legislature added approximately \$230,000 in state special revenue authority for pass through funding to various entities as a result of the passage of SB 112. SB 112 increases fees on certain licenses and creates a state special revenue fund for the transfer of funding to entities involved in the search and rescue function.

| Program Legislative Budget | | | | | | | | |
|----------------------------|-------------------------------|--------------------------------------|---------------------------------|-------------------------------------|--------------------------------------|---------------------------------|-------------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2002 | PL Base Adjustment Fiscal 2004 | New Proposals Fiscal 2004 | Total Leg. Budget Fiscal 2004 | PL Base Adjustment Fiscal 2005 | New Proposals Fiscal 2005 | Total Leg. Budget Fiscal 2005 | Total Leg. Budget Fiscal 04-05 |
| FTE | 19.50 | 0.50 | 2.00 | 22.00 | 0.50 | 2.00 | 22.00 | 22.00 |
| Personal Services | 690,244 | 58,998 | 66,006 | 815,248 | 59,288 | 180,698 | 930,230 | 1,745,478 |
| Operating Expenses | 151,860 | 31,747 | 290,548 | 474,155 | 32,734 | 322,522 | 507,116 | 981,271 |
| Total Costs | \$842,104 | \$90,745 | \$356,554 | \$1,289,403 | \$92,022 | \$503,220 | \$1,437,346 | \$2,726,749 |
| General Fund | 722,021 | 23,503 | (74,052) | 671,472 | 24,616 | (60,077) | 686,560 | 1,358,032 |
| State/Other Special | 120,083 | 67,242 | 430,606 | 617,931 | 67,406 | 563,297 | 750,786 | 1,368,717 |
| Total Funds | \$842,104 | \$90,745 | \$356,554 | \$1,289,403 | \$92,022 | \$503,220 | \$1,437,346 | \$2,726,749 |

Program Description

The Veterans Affairs Division assists discharged veterans and their families, cooperates with state and federal agencies, promotes the general welfare of veterans, and provides information on veteran benefits. The program also administers the veteran cemeteries located at Miles City and at Fort Harrison, in Helena. The Board of Veterans' Affairs is administratively attached to the Department of Military Affairs, and operates under a state mandate provided in Title 10, Chapter 2, MCA.

Program Narrative

| Veterans' Affairs Division Major Budget Highlights | |
|---|--|
| <ul style="list-style-type: none"> ○ 1.00 FTE and \$72,000 general fund over the biennium is eliminated as the division share of an overall general fund reduction applied to the department. This reduction is intended to carry forward the Governor's fiscal 2003 expenditure reductions and the August 2002 Special Session reductions ○ The legislature applied an unspecified general fund reduction of \$86,189 over the biennium to the division ○ 3.00 FTE and \$840,000 state special revenue authority is added to accommodate increased workload and revenues as a result of the passage of SB 401 | |

Funding

The following table shows program funding, by source, for the base year and the 2005 biennium.

| Program Funding Table | | | | | | |
|--------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Veterans Affairs Program | | | | | | |
| <u>Program Funding</u> | <u>Base</u> | <u>% of Base</u> | <u>Budget</u> | <u>% of Budget</u> | <u>Budget</u> | <u>% of Budget</u> |
| | <u>Fiscal 2002</u> | <u>Fiscal 2002</u> | <u>Fiscal 2004</u> | <u>Fiscal 2004</u> | <u>Fiscal 2005</u> | <u>Fiscal 2005</u> |
| 01100 General Fund | \$ 722,021 | 85.7% | \$ 671,472 | 52.1% | \$ 686,560 | 47.8% |
| 02214 Veterans Affairs Cemeteries | 113,957 | 13.5% | 577,931 | 44.8% | 710,786 | 49.5% |
| 02550 Ft Harr Va Cemetery Donations | - | - | 10,000 | 0.8% | 10,000 | 0.7% |
| 02551 Ft Harr Va Cemetery Plot Allow | 5,797 | 0.7% | 10,000 | 0.8% | 10,000 | 0.7% |
| 02552 Estrn Mt Va Cemetery Plot All | 329 | 0.0% | 10,000 | 0.8% | 10,000 | 0.7% |
| 02553 Estrn Mt Va Cemetery Donations | - | - | 10,000 | 0.8% | 10,000 | 0.7% |
| Grand Total | \$ 842,104 | 100.0% | \$ 1,289,403 | 100.0% | \$ 1,437,346 | 100.0% |

The Veterans' Affairs Division is funded with general fund and state special revenue. Veteran cemetery operations are fully funded by state special revenue received primarily from the sale of veteran license plates, with a smaller portion being received from donations and cemetery plot allowances.

| Present Law Adjustments | | | | | | | | | |
|--|--------------|-----------------|-----------------|-----------------|-----------------------|--------------|-----------------|-----------------|-----------------|
| -----Fiscal 2004----- | | | | | -----Fiscal 2005----- | | | | |
| FTE | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| Personal Services | | | | 58,703 | | | | | 59,021 |
| Vacancy Savings | | | | (29,958) | | | | | (29,972) |
| Inflation/Deflation | | | | 532 | | | | | 2,341 |
| Fixed Costs | | | | 1,036 | | | | | 369 |
| Total Statewide Present Law Adjustments | | | | \$30,313 | | | | | \$31,759 |
| DP 18 - Veterans' Cemeteries Operations | | | | | | | | | |
| 0.50 | 0 | 60,432 | 0 | 60,432 | 0.50 | 0 | 60,263 | 0 | 60,263 |
| Total Other Present Law Adjustments | | | | | | | | | |
| 0.50 | \$0 | \$60,432 | \$0 | \$60,432 | 0.50 | \$0 | \$60,263 | \$0 | \$60,263 |
| Grand Total All Present Law Adjustments | | | | \$90,745 | | | | | \$92,022 |

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

DP 18 - Veterans' Cemeteries Operations - The legislature added state special revenue authority from the Veterans' Affairs Cemeteries fund for an additional 05 FTE and increased operating expenses related to operation of the two Veterans' Affairs Cemeteries.

| New Proposals | | | | | | | | | | |
|--|-------------|-------------------|------------------|-----------------|------------------|-------------|-------------------|------------------|-----------------|------------------|
| Program | FTE | Fiscal 2004 | | | | Fiscal 2005 | | | | |
| | | General Fund | State Special | Federal Special | Total Funds | FTE | General Fund | State Special | Federal Special | Total Funds |
| DP 6800 - HB 13 - Pay Plan | | | | | | | | | | |
| 31 | 0.00 | 4,554 | 1,020 | 0 | 5,574 | 0.00 | 19,642 | 4,124 | 0 | 23,766 |
| DP 7001 - Reduce Current Level FTE | | | | | | | | | | |
| 31 | (1.00) | (36,068) | 0 | 0 | (36,068) | (1.00) | (36,068) | 0 | 0 | (36,068) |
| DP 9000 - Legislative Reduction | | | | | | | | | | |
| 31 | 0.00 | (42,538) | 0 | 0 | (42,538) | 0.00 | (43,651) | 0 | 0 | (43,651) |
| DP 9051 - HB 761 - Veterans' Cemetery | | | | | | | | | | |
| 31 | 0.00 | 0 | 150,000 | 0 | 150,000 | 0.00 | 0 | 0 | 0 | 0 |
| DP 9053 - SB 401 - Revise Veterans' Affairs Operations | | | | | | | | | | |
| 31 | 3.00 | 0 | 279,586 | 0 | 279,586 | 3.00 | 0 | 559,173 | 0 | 559,173 |
| Total | 2.00 | (\$74,052) | \$430,606 | \$0 | \$356,554 | 2.00 | (\$60,077) | \$563,297 | \$0 | \$503,220 |

New Proposals

DP 6800 - HB 13 - Pay Plan - The legislature passed a pay plan in HB 13 that provides an additional \$44 per month in insurance contributions in calendar 2004 and an additional \$50 per month in calendar 2005, as well as a \$0.25 per hour salary increase in the final six months of fiscal 2005. These amounts represent this program's allocation of costs to fund this pay plan. An additional \$44 per month in insurance contribution for the first six months of fiscal 2004 was not funded.

DP 7001 - Reduce Current Level FTE - The legislature reduced FTE in the Veterans' Affairs Division by 1.0 FTE, a Veteran Service Representative. This position, established in each Veterans' Service Office, handles a wide range of duties associated with assisting and representing veterans in various stages of interaction with the state and federal government.

DP 9000 - Legislative Reduction - The legislature approved reducing the base to the lower of the 2000 base budget or the fiscal 2003 appropriated level as adjusted for August 2002 Special Session action. This reduction represents the division's share of the unspecified reduction.

DP 9051 - HB 761 - Veterans' Cemetery - The legislature added \$150,000 in state special revenue authority in fiscal 2004 to fund activities as a result of the passage of HB 761, which authorizes the Department to perform preapplication requirements provided in the federal Department of Veterans Affairs National Cemetery Administration's state cemetery grants program. These requirements may include, but are not limited to, an environmental assessment, environmental impact statement, design concept, and needs assessment. This adjustment to HB 2 adds authority per the fiscal note attached to HB 761, although HB 761 also contained a \$150,000 appropriation. It has been determined that only one of the \$150,000 appropriations will be used.

DP 9053 - SB 401 - Revise Veterans' Affairs Operations - The legislature added 3.0 FTE and approximately \$840,000 in state special revenue authority over the biennium to accommodate the passage of SB 401, which revises the duties and membership of the Board of Veterans' Affairs, in addition to creating a state special revenue fund for the purpose of supporting Veterans' Affairs operations.